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GOVERNMENTAL AFFAIRS

United States Senate

WASHINGTON, DC 20510

May 12, 2016

Chairman Tom Wheeler
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

I write to express my concern regarding the potential disruption in funding to Wisconsin's schools and libraries for broadband as a result of recent technical changes made to the Universal Service Administrative Company's (USAC) management portal used for funding E-rate applications.

As you are aware, the Federal Communications Commission (FCC) mandated changes to the E-rate program in 2014 that triggered the USAC to launch its "E-Rate Productivity Center" (EPC) portal in late 2015. This web portal was apparently designed to improve the E-Rate application and compliance process used by our nation's schools and libraries to receive funding for essential broadband Internet connections and services.

EPC's rollout, however, has been problematic. Schools, libraries, and service providers have all recently catalogued a series of design flaws that have prevented E-rate applicants from inputting information required for E-Rate funding, and inhibited service providers from retrieving data necessary to offer services and accurate discounts for E-rate approved services.

In Wisconsin, the Department of Administration (WDOA), which has direct responsibility for filing E-rate funding requests for a consortium (TEACH Wisconsin) of 800 schools and libraries throughout the state, recently informed USAC that the EPC portal could only provide data for 133 of the 800 Wisconsin sites that need to be included in its official funding request. In fact, the inherent system failures in EPC required both the WDOA and the Wisconsin Department of Public Instruction to request an extension of the filing deadline for all applicants, so as not to jeopardize funding for the upcoming school year. While it is my understanding that the requested extension has been granted to give parties more time for the filing process, that does not resolve the systemic problems in USAC's EPC platform and the potential for failure in the application process for the upcoming school year.

In its oversight of USAC and the E-rate program, it appears that the FCC allowed a public-private entity to create and roll-out a web portal with inadequate communication and engagement of relevant stakeholders, and without any rigorous beta testing of the web portal prior to launch. USAC decided to move with the EPC web portal even though it was clearly not ready for primetime. The FCC's lax oversight over this process has contributed to a crisis atmosphere in the E-rate stakeholder community as our nation's schools, libraries, and service providers remain uncertain as to whether they can secure funding for affordable broadband connectivity for the next academic year.

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To help me better understand the facts and scope of this imminent problem please provide the following by May 27, 2016:

1. A detailed timeline regarding the rollout of the EPC web portal that includes the specific FCC requirements for the development and initiation of the USAC's EPC web portal (including FCC project deadlines, contractual data, and expenditure information);

2. A description of the emergency measures taken by the FCC to fix the broken EPC web portal as a result of complaints submitted to the agency and USAC by various stakeholders; and

3. Your personal assurance that Wisconsin's schools and libraries and other applicants throughout the country using USAC's EPC web portal will receive the entirety of their approved E-Rate funding on a timely basis.

I appreciate your attention to this matter and given the imminent E-Rate funding deadlines I look forward to your prompt response.

Sincerely,

Ron Johnson
U.S. Senator

June 3, 2016

The Honorable Ron Johnson
United States Senate
328 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

Thank you for your inquiry about the impact on Wisconsin schools and libraries of the Universal Service Administrative Company's (USAC) implementation of technical changes to the system that applicants use to seek schools and libraries universal service support (E-rate) funding. I appreciate you sharing your concerns with me.

I agree that many stakeholders have found the transition to the new E-rate Productivity Center (the EPC portal) challenging. Fortunately, I am pleased to report that stakeholders have overcome the challenges of a new system, and USAC has already received more than 42,000 applications from eligible schools, libraries and consortia of schools and libraries for this coming funding year and will begin to issue funding commitments shortly. Let me assure you that my staff and I, as well as the staff at USAC, are fully committed to ensuring that applicants receive timely E-rate funding commitments.

The transition to an online portal was, in large part, a necessary next step in the work the Commission began in 2014 to modernize the E-rate program. The objective of this modernization was to refocus the program on providing much needed support for broadband services to schools and libraries and WiFi connections within schools and libraries. The *First E-rate Modernization Order* adopted three goals for the program: ensuring affordable access to high-speed broadband sufficient to support digital learning in schools and robust connectivity for all libraries; maximizing the cost-effectiveness of spending for E-rate supported purchases; and making the E-rate application process and other E-rate processes fast, simple and efficient.[1] Transitioning to an online portal is a crucial part of meeting our goal of improving the application and other E-rate processes. The new online portal will improve the efficiency of submitting and processing applications, and of committing and disbursing E-rate funding. Electronic filing in the portal should also lead to fewer errors on forms and improved communications between USAC and applicants and service providers.

You asked in your letter about the timeline for the roll out of the portal. By way of background, while the E-rate Modernization Orders heightened the need for a new E-rate

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[1] In 2014 the FCC also adopted a Second E-rate Modernization Order which made further progress towards meeting the FCC's goals for the E–rate program and aimed to close the connectivity gap by making more funding available for schools and libraries to purchase broadband connectivity.

information technology (IT) system, even before the Commission adopted those Orders, FCC staff were deeply engaged with USAC on the question of how best to update the E-rate IT systems. Developed more than a decade ago, those legacy IT systems were outdated and unable to provide the high quality user experience or data analytics of more modern IT systems. In late 2014, USAC began a formal procurement process that led to the February 2015 hiring of a vendor to replace its E-rate IT systems with the EPC portal. Although many of the changes the FCC made to the E-rate program became effective on July 1, 2015, for funding year 2015 (FY2015), many more will become effective July 1, 2016 for funding year 2016 (FY2016). USAC and FCC staff recognized that it would not be possible to develop a new IT system by July 1, 2015. Therefore, USAC worked towards a staged roll out of the new system to move through the FY2016 application process. A more detailed timeline is attached as an appendix to this letter.

It is challenging to transition to any new IT system, particularly for a program like the E-rate program with many users, and no program down-time. Consequently, USAC and the FCC expected that there would be challenges along the way to establishing a new electronic filing paradigm, and have sought both to preempt issues before they occur and to resolve them as they arise. Once the application window opened and some of the particular challenges to applicants and other stakeholders were clearly identified, USAC increased stakeholder outreach, holding weekly calls with stakeholder groups including applicants, service providers and consortia, and provided the FCC with regular updates regarding stakeholder concerns. USAC has also worked with individual applicants, including the Wisconsin Department of Public Instruction, to resolve application-specific issues, and will continue to do so.

In your letter you also ask about the measures taken by the FCC to address the difficulties applicants have faced in using the EPC portal. FCC staff has monitored closely the challenges faced by applicants and other stakeholders as EPC has rolled out. We have helped USAC identify how best to prioritize IT deliverables throughout this process and directed USAC to do everything it can to improve the customer experience. In light of the challenges applicants have faced with the new portal, stakeholders -- including several in Wisconsin -- requested an extension of the E-rate application window and the Wireline Competition Bureau approved USAC's decision to extend the 2016 filing window deadline to May 26 for schools and to July 21 for libraries and consortia. Also, at the request of FCC staff, USAC brought in a second contractor to oversee quality control and assurance – a crucial step in improving the system. The FCC has also dedicated some of its own IT resources and staff to assist USAC in analyzing problems and finding solutions. Over the last few months, FCC staff has been in daily contact with USAC staff about EPC-related challenges, and has worked with USAC to identify ways to address those challenges.
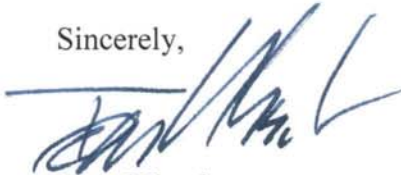
Finally, you asked for assurance that Wisconsin schools and libraries, and those throughout the country, will timely receive E-rate funding. I can provide just such assurances. USAC has already begun review of submitted applications, and funding commitment decisions will begin to flow shortly. In modernizing the E-rate program, the Commission placed a high

priority on timely funding commitments, subject to USAC and the FCC's joint obligation to protect against waste, fraud and abuse. Over the last two years, USAC has done a terrific job making sure funding is committed without undue delay. We are confident that the new IT system will help speed the pace of review.

The Commission is dedicated to ensuring that all of our nation's schools and libraries can purchase affordable high-speed broadband services. Indeed, over the last ten years USAC has committed $338 million in E-rate funding to schools and libraries in the state of Wisconsin alone. USAC is subject to FCC oversight as well as the oversight of USAC's board of directors. As you likely know, Bob Bocher, an employee of the Wisconsin Department of Public Instruction and a long time Wisconsin State E-rate coordinator, is on the board of directors of USAC, and a member of the Schools and Libraries Committee of the Board.

I appreciate and share your concern for Wisconsin schools and libraries, and for all of our nation's schools and libraries, and I am dedicated to providing USAC with the assistance it needs to continue to improve and enhance the application process. Please let me know if I can be of further assistance.

Sincerely,

Tom Wheeler

Enclosure